

STATEMENT OF CONSIDERATIONS

REQUEST BY UNIVERSAL AGGREGATES, LLC, FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN INVENTION RIGHTS UNDER DOE COOPERATIVE AGREEMENT NO. DE-FC26-02NT41421; W(A)-02-049, CH-1108

The Petitioner, Universal Aggregates, LLC, was awarded this cooperative agreement for the performance of work entitled, "Commercial Demonstration of the Manufactured Aggregate Processing Technology Utilizing Spray Dryer Ash." The purpose of the cooperative agreement is to design, construct and operate a lightweight aggregate manufacturing plant at the Birchwood Power Facility in King George, Virginia. A successful demonstration would lead to additional lightweight aggregate manufacturing facilities in the United States. There are currently twenty-one spray dryer facilities operating in the United States that produce an adequate amount of spray dryer by-product to economically justify the installation of a lightweight aggregate manufacturing facility. Industry sources believe that as additional scrubbing is required, dry FGD technologies will be the technology of choice. The Birchwood facility will transform 115,000 tons per year of spray dryer by-products that are currently being disposed of in an off-site landfill into 167,000 tons of a useful product: lightweight aggregates, that can be used to manufacture lightweight masonry blocks or lightweight concrete. Universal Aggregates is a joint venture between CONSOL Energy, Inc. and SynAggs, LLC; CONSOL and SynAggs are not individually participating in this effort in any manner. This waiver is for inventions of Universal Aggregates only.

The total estimated cost of the cooperative agreement is \$17,060,887, with the DOE share being \$7,224,001, or 42.3%, while the remaining cost share of 57.7%, or \$9,836,886, will be provided by Universal Aggregates. The period of performance is thirty (30) months.

In its response to question 5 of the attached waiver petition, Universal Aggregates has described its technical competence in the field of manufactured aggregate processing. Through SynAggs' venture with CONSOL, this competency is represented in two U.S. Patents owned by CONSOL and exclusively licensed to Universal Aggregates. These patents, attached to the waiver petition, are directed toward making manufactured aggregates from coal combustion by-products. Universal Aggregates states that it has successfully produced approximately 150 tons of synthetic aggregates through pilot plant operation verifying all aspects of the production process. In response to question 6, Universal Aggregates states it has conducted extensive product refinement and marketing throughout the United States. A copy of its brochure is also attached to the waiver petition. Universal Aggregate's response fully demonstrates its technical competency in the field of manufactured aggregate processing.

In its response to questions 9 and 10 of the attached waiver petition, Universal Aggregates points out that granting the waiver would increase competition with the two other U.S. companies producing an aggregate from coal combustion products. Therefore grant of the waiver will have a positive effect on competition and market concentration.

The subject cooperative agreement will be modified to add the Patent Rights--Waiver clause in conformance with 10 CFR 784.12, wherein Universal Aggregates has agreed to the provisions of 35 U.S.C §§ 202, 203, and 204. This waiver clause will also include a paragraph entitled U.S. Competitiveness, in which Universal Aggregates agrees to substantial U. S. manufacture of subject inventions (attached hereto). Additionally, Universal Aggregates agrees not to transfer subject inventions to any other entity unless that other entity agrees to these same requirements. The petitioner has further agreed to modification of the data clause of the subject

cooperative agreement (48 C.F.R. 952.227-14) by adding paragraph (k), Alternative VI, concerning contractor licensing of data

Considering the foregoing, it is believed that granting the waiver will provide the Petitioner with the necessary incentive to invest resources in the commercialization of the results of the agreement in a fashion which will make the agreement's benefits available to the public in the shortest practicable time. In addition, it would appear that grant of the above requested waiver would not result in an adverse effect on competition nor result in excessive market concentration. Therefore, in view of the objectives and considerations set forth in 10 CFR 784, all of which have been considered, it is recommended that the requested waiver, as set forth above, be granted.

[REDACTED]
Mark P. Dvorscak
Assistant Chief Counsel
Office of Intellectual Property Law

Date: Feb. 24, 2003

Based on the foregoing Statement of Considerations and the representations in the attached waiver petition, it is determined that the United States and the general public will best be served by a waiver of rights of the scope described above, and therefore the waiver is granted. This waiver shall not apply to any modification or extension of this agreement, where through such modification or extension the purpose, scope, or cost of the agreement is substantially altered.

CONCURREN [REDACTED]

George Rudins
Deputy Assistant Secretary
Office of Fossil Energy
Coal and Power Systems

Date: March 03, 2003

APPROVAL: [REDACTED]

Paul A. Gottlieb
Assistant General Counsel
for Technology Transfer and
Intellectual Property

Date: 3-5-03

(t) U. S. COMPETITIVENESS The Contractor agrees that any products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States unless the Contractor can show to the satisfaction of the DOE that it is not commercially feasible to do so. In the event the DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. The Contractor agrees that it will not license, assign or otherwise transfer any waived invention to any entity unless that entity agrees to these same requirements. Should the Contractor or other such entity receiving rights in the invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by the DOE.